

## Message Text

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ACTION EUR-12

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FM AMEMBASSY BUDAPEST  
TO SECSTATE WASHDC IMMEDIATE 7578

LIMITED OFFICIAL USE BUDAPEST 4239

E.O. 11652: N/A  
TAGS: EFIN, HU  
SUBJECT: WORLD WAR I FLOUR DEBT - USG NOTE

REF: STATE 307580, BUDAPEST 4238

FOLLOWING IS TEXT OF USG NOTE (NO.303) ON SETTLEMENT OF WORLD  
WAR I FLOUR DEBT.

1. THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS  
COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS OF THE HUNGARIAN  
PEOPLE'S REPUBLIC AND HAS THE HONOR TO REFER TO THE MINISTRY'S  
NOTE NO. 1230-5/1976 DATED OCTOBER 5, 1976, TO DISCUSSIONS  
BETWEEN THE TWO GOVERNMENTS ON NOVEMBER 4, 1976, AND OTHER  
CONVERSATIONS AND NOTES BETWEEN AMERICAN AND HUNGARIAN OFFICIALS  
RELATING TO OBLIGATIONS OF THE GOVERNMENT OF THE HUNGARIAN  
PEOPLE'S REPUBLIC ARISING FROM THE AGREEMENTS OF APRIL 25, 1924,  
AND MAY 27, 1932.

2. THE GOVERNMENT OF THE UNITED STATES OF AMERICA WELCOMES  
THE PROGRESS THAT HAS BEEN MADE SINCE DISCUSSIONS WERE RESUMED  
NOVEMBER 4, 1976. AS A RESULT OF THESE AND SUBSEQUENT  
DISCUSSIONS, THE GOVERNMENT OF THE UNITED STATES UNDER-  
STANDS THAT THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S  
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REPUBLIC IN FULL PAYMENT OF ALL PRINCIPAL AND INTEREST  
DUE AS OF DECEMBER 15, 1976, ARISING FROM THE AGREEMENTS  
OF 1924 AND 1932 WILL SIGN AND DELIVER AS OF DECEMBER 15,  
1976, A NOTE UNDERTAKING TO DEPOSIT NO LATER THAN  
DECEMBER 23, 1976, THE AMOUNT OF \$4,327,271.44 TO THE

GENERAL FUND ACCOUNT OF THE UNITED STATES TREASURY AT THE FEDERAL RESERVE BANK OF NEW YORK. NO INTEREST SHALL ACCRUE DURING THE PERIOD DECEMBER 15, 1976 THROUGH DECEMBER 23, 1976 PROVIDED THAT CASH PAYMENT IS MADE BY DECEMBER 23, 1976.

3. THE AMOUNT OF \$4,327,271.44 REPRESENTS \$56,235.00 OF PRINCIPAL AND \$33,185.06 OF INTEREST DUE DECEMBER 15, 1976, TOGETHER WITH \$1,300,457.75 OF PAST DUE PRINCIPAL AND \$2,937,393.63 OF PAST DUE INTEREST.

4. UPON NOTICE FROM THE FEDERAL RESERVE BANK OF NEW YORK THAT \$4,327,271.44 HAS BEEN DEPOSITED TO THE GENERAL FUND ACCOUNT OF THE UNITED STATES TREASURY, THE GOVERNMENT OF THE UNITED STATES WILL RETURN TO THE EMBASSY OF THE HUNGARIAN PEOPLE'S REPUBLIC IN WASHINGTON, D.C. BONDS OF THE GOVERNMENT OF HUNGARY MATURING ON OR PRIOR TO DECEMBER 15, 1976, PURSUANT TO THE AGREEMENTS OF 1924 AND 1932.

5. WITHIN FIVE DAYS AFTER RECEIPT OF THE NOTICE OF THE ABOVE DEPOSIT TO THE FEDERAL RESERVE BANK OF NEW YORK, THE UNITED STATES DEPARTMENT OF THE TREASURY WILL ISSUE PUBLIC NOTIFICATION THAT THE RESTRICTIONS OF THE JOHNSON WJT (U.S. PUBLIC LAW 80-772) NO LONGER APPLY TO HUNGARY. THE U.S. SECURITIES AND EXCHANGE COMMISSION (SEC), UPON OFFICIAL NOTIFICATION BY THE U.S. DEPARTMENT OF THE TREASURY THAT THE GOVERNMENT OF HUNGARY HAS PAID ALL CURRENT ARREARAGES, WILL PUBLISH A NOTICE RESCINDING ITS RELEASE NO. 10610 DATED JANUARY 22, 1974. THE U.S. DEPARTMENT OF THE TREASURY WILL SO INFORM THE SEC WITHIN LIMITED OFFICIAL USE

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THREE DAYS AFTER RECEIPT OF NOTICE OF THE ABOVE DEPOSIT.

6. ATTACHED AS PART OF THIS NOTE (ANNEX A) IS A SCHEDULE OF HUNGARIAN PAYMENTS DUE UNDER THE AGREEMENTS OF PARIL 25, 1924 THROUGH DECEMBER 15, 1985.

7. THE EMBASSY OF THE UNITED STATES OF AMERICA AVAILS ITSELF OF THIS OPPORTUNITY TO RENEW TO THE MINISTRY OF FOREIGN AFFAIRS THE ASSURANCES OF ITS HIGHEST CONSIDERATION.

8. EMBASSY OF THE UNITED STATES OF AMERICA, BUDAPEST, DELIVERED ON DECEMBER 20, 1976, AS OF DECEMBER 15, 1976. (FYI: FOR OBVIOUS REASONS, ANNEX A HAS NOT BEEN INCLUDED IN THIS TELEGRAM.)  
MUDD

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NNN

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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